Jim: [00:00] Productivity determines a nation's wealth and its standard of living. Nothing holds more promise for improving productivity than AI.

DR: [00:07] Yeah.

Jim: [00:08] Society is going to run to AI, not away from it. And when it does, millions and millions and millions of jobs are going to get eliminated.

Announcer: [00:23] This is Telco in 20, a podcast that helps telco execs achieve a competitive advantage with AI and the public cloud. It is hosted by Danielle Rios, also known as DR. Today we're talking to strategic HR and organizational transformation leader, Jim Abolt.

DR: [00:43] Hi, guys. I'm DR. When most of us think about human resources, we tend to think about the administrative side of the function, health benefits, and birthday cakes, or that place where employees go to complain about their manager. But there's a whole other dimension of HR that most people miss, the strategic side of HR. Strong strategic HR professionals are masters at guiding leaders and companies through transformational journeys.

[01:10] They help executives to communicate an exciting new vision and design the necessary changes to roles, responsibilities, and cultures to achieve the desired outcome. When it works, it is glorious. Teams are aligned, workers are happy, and companies achieve amazing results. And so with all the change that AI is bringing, especially the telcos like SK Telecom that have declared it will be an AI-first MNO, telcos need strong strategic HR leaders who can help them navigate this huge change.

[01:42] Today, I am talking with one of the best HR leaders I know, Jim Abolt. We're going to talk about why you shouldn't do AI just for the sake of AI, how to set breakthrough goals that get your people excited about using AI, and how to roll out AI transformation across every part of your business. So let's take 20. Jim Abolt is an SVP of human resources, a leadership guru, and one of my longtime mentors. Hi, Jim. So excited to have you back on the podcast.

Jim: [02:12] Hi, DR. Congratulations on your hundredth episode. When people ask me what you're up to, I tell them you're giving Joe Rogan a run for his money as Austin's number one podcaster.

DR: [02:23] Yeah. I can't wait for my Joe Rogan-size deal for my podcast. Spotify, if you're listening, I am available for negotiations.

Jim: [02:32] There you go.

DR: [02:33] So I want to talk to you today about all this transformation in organizations around AI. You and I have worked together with exec teams through big transformations that have required cultural and strategy changes. And so the change with AI that's going on is not just a telco thing or even just a US thing, it's happening everywhere in every industry in every organization.

[02:58] Companies are grappling with how AI is impacting every single job. And so I wanted to talk to you about how you would help an organization with their move to AI. So let's say you're in a room with an exec team and the CEO turns to you and says, "Jim, I want to be an AI-first organization. Make that happen. Help me change my culture and my org, so we're AI-first in two to three years." Where would you start with the exec team?

Jim: [03:24] Well, I'll answer your question in a minute. The first thing I wanted to share with you is I went to a PepsiCo conference in Scottsdale, Arizona, and the speaker was Charles Handy, who at the time was the leading management thinker in the world. And he delivered a morning presentation on leadership and innovation that was spine-tingling. That afternoon you had recreational activities. I decided to go on the desert tour. And you know what? Virtually no one was on the desert tour except Charles Handy and his wife.

DR: [03:55] Oh my God.

Jim: [03:57] I mean, here I was a young management development professional, and I'm spending the afternoon with the leading management thinker in the world. It would be like if you're an investor and you're spending time with Warren Buffett.

DR: [04:06] No, I get it.

Jim: [04:06] But what I remember most from that afternoon has nothing to do with management philosophy. It has to do with marital relations because I distinctly remember Charles Handy's wife asking him, "Darling, why do they pay you so much to say things that are so obvious?"

DR: [04:23] That's support, that's real support there.

Jim: [04:24] That's real support. So with that in mind, let's go back to your question.

DR: [04:28] Yeah.

Jim: [04:29] My response to the CEO would be that we're not in the business of AI. AI isn't a result in and of itself. Instead, it's a means of achieving breakthrough business performance. So why don't we set some really tough, seemingly impossible business goals and use AI to accomplish them? The biggest mistake that companies make when they're trying to orchestrate change is they focus on activities instead of results. Let's not do that with something as important as AI, especially when mastering the capability faster than the competition could create such an enormous advantage.

DR: [05:07] Yeah. I hope my listeners really go back and rewind that part because as you were talking, I think that I'm even doing it in my own org. I'm banging the drum, "Use AI, use AI," and I'm not setting the breakthrough results goal that we will use AI to get there to get ahead of our competition.

Jim: [05:26] Yeah. I mean, super big mistake. I mean, imagine that you're a pharmaceutical CEO. Do you want your vision to be "We're going to be great at AI," or do you want your vision to be "We're going to cure cancer?"

DR: [05:36] Yeah.

Jim: [05:36] Everybody's going to rally around curing cancer and using AI as a way of getting there just creates even more impetus for people wanting to adopt it.

DR: [05:44] Yeah. So okay, let's say you've gotten your exec team 10, 20 people, but these telecom companies, they're huge. British Telecom, Vodafone, AT&T, they have about a hundred thousand people. It's a ton of people to align. So how do you go from getting your exec team aligned of how we're going to plan around these breakthrough results and how we're going to use AI to rolling this out to your entire organization, the other 99, 990 people to get those people aligned?

Jim: [06:15] Let me stick with pharma. I was senior VP of HR at Bristol Myers Squibb. We had a $14 billion pharmaceutical business with 35,000 people around the globe. Our mission was to extend and enhance human life, and our strategy was to develop blockbuster drugs. If you think about, what does it take to develop a blockbuster drug, it's really pretty simple.

              [06:37] Number one, you have to discover compounds that can be developed into drugs. Number two, you have to develop those compounds so that you're allowed to use them. Number three, you've got to make and distribute those compounds at scale. And then the last thing is that you have to be able to sell those compounds and get usage of the compounds, pretty simple.

DR: [06:58] Yep.

Jim: [06:58] So what I think you want to do as a business leader is think through every stage of your value chain and you want to establish breakthrough goals for each one of those. So let's just start with drug discovery. Companies spend billions of dollars on discovering compounds. As a CEO and the head of R&D, you could agree, how about we're going to double the number of compounds we discover for the same spend? That's a really big breakthrough goal.

DR: [07:25] Yeah.

Jim: [07:25] And your development organization, the ones that take the compounds, it takes eight years to bring that to market. Why don't we say, "We're going to cut that in half, we're going to do it in four years." And then your supply chain organization, you say, "We're going to reduce the cost by 25% and we're not going to take those to the bottom line. Instead, we're going to plow

that money back into discovery because we now have the world's most productive discovery labs."

[07:50] And finally, you have your sales organization and you say, "Wow, what if there was a better way for us to target and educate physicians so that they wrote more of our scripts and we increased our market share?" So now you've worked all the way across your organization and you have a big initiative in each one of your core competencies.

[08:07] Next thing that I would do is I would get some experts in those processes, couple them with some people who know about AI, and I would start them thinking about what kinds of AI tools and processes can we use to make that come alive. And I know you would agree with this, DR, I wouldn't wait for everything to be perfect. I would do the whole iterative delivery thing.

DR: [08:29] Yeah.

Jim: [08:29] So as you're learning, you're implementing those tools in the organization. The implementation is done by your frontline performers. The more they use the tool, the smarter it's going to get. They're going to be giving you lots of feedback as to how you can improve that tool. But again, nobody's using the tool for the sake of the tool.

[08:45] They're using the tool to achieve the breakthrough goal. Then you get almost a magical experience in your company. You're not fighting anybody because you've got this inspiring goal that we're all working towards. And everybody understands that their use of the AI is to accomplish that. And the use of the AI now becomes part of their job. So it works really nicely.

DR: [09:05] Yeah. And I think translating that to telco, those very simple big blocks of the strategy can be distilled. Just like your example in pharma, they build networks and how can we cut the cost in half? It takes a long time to bring a new G to market. How can we cut that in half? They all grapple with revenue. How can we increase our growth? And I really like how you're layering and how we're going to use AI to accomplish these goals. And I think there are big ideas in all of them.

Jim: [09:34] And I can't believe that people are going to fight this. I made a comment to my wife, I said, "If this now constitutes challenging HR work, I think I'm going to come out of retirement."

DR: [09:46] So let's say you've come out with these great big blocks and goals. You have some ideas on how you're going to apply AI to it, and so you've rolled it out to the company, you've talked about why it's great, but we know there's always the guy at the back of the room, that Negative Nelly, the gotcha question guy that's going to ask you the tough questions. And his question is, "Because we're using AI, doesn't this mean you're going to need fewer people?

[10:11] You're going to eliminate jobs?" And I think it is true, AI will result in needing fewer people in your workforce. Maybe not immediately, but probably eventually. And I see a lot of executives really not answering this question directly, platitudes around, "Oh no, humans are always going to be here." And I think this is the elephant in the room around AI. I think it's tough for people to be honest with this answer. And so how would you coach executive teams and leaders on how to handle this sensitive topic?

Jim: [10:43] Are you familiar with the etymology of the term Luddite?

DR: [10:46] Well, not recently. So remind me.

Jim: [10:50] So Ned Ludd is a fictitious late 18th-century weaver who's upset that his job is getting automated. So he breaks the machine in retaliation. And the tale has captivated people for centuries because it illustrates the fear that people feel when their jobs are threatened.

[11:15] But the other part of the story that few people talk about is that Ned Ludd doesn't win, the machines win. And the reason the machines win is because they're more efficient. Productivity determines a nation's wealth and its standard of living. Nothing holds more promise for improving productivity than AI. Society is going to run to AI, not away from it. And when it does, millions and millions and millions of jobs are going to get eliminated.

DR: [11:48] Yep. But I also think a ton of jobs are going to be created. It's such an amazing opportunity to be working at a company that is AI first and trying to become AI native and investing in their people to learn new skills and preparing them for this change. And so being Ned Ludd and trying to break the machine is the wrong attitude for the employee out there.

[12:10] Instead, you should be embracing AI and learning it as quickly as possible because it prepares you, especially the ones early on that learn it. There's going to be companies out there that are hiring and paying a lot of money for these skills, and then instead you can tell your people, "No, we're investing in you, we preparing you," and really trying to take that fear out of everyone and try to turn it into some positivity for them as individuals and their future.

Jim: [12:36] Well, AI is the most exciting thing that's happened in my lifetime and the world's never been better than it is right now, and it's only going to get better. People talk about the Iron Age and the Industrial Age and the Information Age. There's going to be an age of AI. It is super exciting. And of course, jobs are going to get created. New jobs are always going to get created.

[12:55] I mean, would we really be a better world if people were still hand-knitting socks and shirts? Things are going to change and they're going to be better. But don't soft-pedal this thing, the jobs aren't going to be eliminated. There's three and a half million truck drivers in the United States. We're going to perfect self-driving technology. Deal with it upfront. Go ahead and paint the picture that things are going to look good ahead of time, but don't lie to people whose jobs are going to get eliminated.

DR: [13:21] Yep. I totally agree. So let's say you don't do a good job of communicating the plan and employees aren't getting engaged and they're not helping, how do you handle employees who are detracting from the mission? What do you do to course correct and get your change really kick-started and moving in the right direction?

Jim: [13:40] I'd go back to the top. I would say, is there something wrong with our vision? Our vision here is to cure cancer. You can't tell me that that's a bad vision. Then I would go to, have we really identified each core capability in the company and do

we have a good operating goal for that? Are tools really working to achieve those goals?

[14:00] And if they're good tools, are we being able to drive usage of those among our employees? Is adoption of those tools part of their job? So I think you have to go through each one of those steps and figure out which one is a problem. It is possible you have not communicated things appropriately to your company. It's possible they think they're doing AI for the sake of AI. They need something bigger, they need more context so that they understand why you're asking them to do what you're asking them to do.

DR: [14:28] Yeah. And I think leaders underestimate how many times they need to repeat their message and give it in different forms, long form, short form, one-on-one, in groups, big groups, small groups, that mind-numbing repetition around why we're doing it.

[14:43] And as we talked on a previous podcast, not just why it's good for the company, but why it also is good for the employees. Back in the day, if you're not on board, our boat is rowing in a particular direction, you seem to not want to do that and fight it, we would ask those people to leave. Maybe it's time that you go find an organization that isn't doing AI because over here, that's what we're doing.

Jim: [15:04] Well, you know DR, the more things change, the more they stay the same. And of course, you tell them they have to leave. It's the job. You're a pharmaceutical sales rep, okay? Your job is to call on doctors, actually be able to get into their office. It's to educate doctors so that they write your scripts.

[15:22] I have a tool so that you don't have to waste tons of time waiting in lobbies for doctors. We've got this artificial intelligence that gets you there at the right time with the right message, and somehow it enhances the quality of your message and you're not using the tool and you're still sitting in the lobby? You're getting fired. Anyway, that's the whole idea.

DR: [15:42] Yeah.

Jim: [15:42] AI isn't separate and apart from the job, it's part of the job.

DR: [15:46] It is the job.

Jim: [15:46] Okay?

DR: [15:46] Yeah.

Jim: [15:47] You're using it to do your job. That is the big insight. To go back to my Charles Handy's wife's story, it's so obvious, but I'll guarantee you, every company in the world, the first thing they're going to do is create a C-level position around AI. And then they're going to say, "Everybody needs to spend an hour a day doing AI." What are they going to do? The pharmaceutical sales rep's going to be sitting in the lobby trying to see, "Can I write Haiku with my AI app?"

DR: [16:15] ChatGPT.

Jim: [16:16] It's stupid. Channel it against what your business objective is. Translate it into what I actually do on my job. And people will embrace it, they'll love it. Their jobs will be so much better than they ever were before.

DR: [16:28] Oh my God. Okay. So on things that I think are stupid. So we're both Catholic.

Jim: [16:35] Of course.

DR: [16:36] I have not been the most devout Catholic in recent years. In fact, I haven't gone to Mass at all. But recently a miracle happened in my life and I feel compelled to attend Mass again. And since I've been away, the Catholic Church has changed some of the words to the responses in Mass. In the Nicene Creed, they added this word, "Consubstantial." You're trying to drive alignment and belonging and accessibility, and they change this to this word that I'm like, does anyone know what that even means?

Jim: [17:08] DR, I want to tell you that years ago I was doing a survey of senior executives at PepsiCo about effectiveness of HR, and I was interviewing the head of marketing for PepsiCo who was a real edgy guy. And he said, "The second that we learn one of your stupid processes you change it and we have to learn it all over again." He says, "Don't change unless you're going to do something major." So when the Catholic Church changed that

stuff, I felt it was so minor. Consubstantial dates back to the Council of Nicaea. But it's so much harder to understand.

DR: [17:45] Yes.

Jim: [17:45] Right? So you know what I do? This drives my wife crazy. Every week at church, when we recite the Creed, I say it the old way.

DR: [17:53] You do? I know you do.

Jim: [17:59] I do. I absolutely do.

DR: [18:00] Every time I see the word consubstantial, I think about you and I laugh.

Jim: [18:05] I'm like, "Don't change it unless it's big, please."

DR: [18:09] Yes.

Jim: [18:09] Well, as long as we're talking about Catholicism, let's not forget that one of its most beloved figures is Saint Francis of Assisi, and it's an apocryphal story, but supposedly he used to exhort his friars saying, "Preach the gospel in all you do, use words if necessary." That's a nice leadership lesson for all of your listeners. Live your vision every minute of every day. You won't need to say so much because actions are more powerful than words.

DR: [18:42] Oh, that's awesome. Well, I think AI is big. I think this is a huge opportunity to transform organizations in such a major awesome way for telcos to reinvigorate their businesses and get ahead. Jim, you're amazing. Thanks so much for coming onto the podcast.

Jim: [18:56] Thank you, DR.

DR: [19:00] Stick around. We end each podcast with a Telco in 20 takeaway. I've got two minutes to tell you something you need to know. Jim, cut right to the chase on what telcos need to do to make the most of AI. Don't force the use of AI throughout your organization just because it's the hot new thing. Instead, set big, hairy, audacious business goals and use AI to achieve them.

[19:26] To set this idea into motion, first you'll need to work with your HR leader to define what breakthrough results you want to achieve. For example, do you want to build a new network at 20% of the cost, run it for 50% less OpEx, or do you want to grow your retail revenue by 20%? Once you do that, then you need to create dedicated teams in each area of the business, give them clear objectives, and let them loose to figure out how to apply AI to achieve the goals.

[19:52] This is the approach that leads to those big game-changing results we're all after. But the AI clock is ticking, telcos, your competitors are already diving in. So dial up your HR department and get them working to help you transform your business. And speaking of transformation, I'll be heading to AWS re:Invent. Will you be going to Viva Las Vegas?

[20:15] Hit me up on LinkedIn or X @TelcoDR, and let's grab a coffee to talk about your AI journey. Until then, don't forget to tune into more amazing Telco in 20 episodes, like and follow, and leave us a five-star review. Sign up for my awesome sauce email newsletter on TelcoDR.com, and check out our killer YouTube channel for more cutting-edge telco insights. Later, nerds.